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## THE CHALLENGE OF MID-EUROPE<sup>1</sup>

**E**VER since the day Bismarck, pursuing his high aim of Prussian hegemony in the evolving German Empire, slammed the door of the Zollverein in the face of Austria, thinkers in the Fatherland have debated the possibility of some sort of economic union with the Hapsburg dominions. To the south of the Austrian boundary, too, the plan of a customs union has found both advocates and opponents. The relative backwardness of Austrian manufactures by comparison with German has prevented a too enthusiastic approval at Vienna, and Hungarian particularism has always been in evidence at Budapest. None the less the question has been one of something more than academic interest in all three of the great states concerned.

During the years when Bismarck for political reasons was excluding Austria, an alternative economic policy presented itself in the development of closer German trade relations with the countries to the west, and during the sixties the Zollverein negotiated with those countries a series of treaties modeled on the Cobden treaty between England and France, and in some degree necessitated by that instrument. During the years since 1870 there has been a similar alternative to the Austro-Hungarian economic alliance—the development of Germany's oversea trade; and the Kaiser's celebrated phrase, "Our future lies upon the water," together with Germany's naval policy of the past twenty years, indicates the triumph of Hamburg and Bremen over the forces of Austrian alliance. But the continental idea, too, has had its victories; the economic conquest of Turkey, and the Bagdad railway scheme as well, mark distinct steps in working out a policy not contingent on the control of the seas. Customs union with the Austro-Hungarian Empire became in this view part of an imperialist scheme of world politics whose economic foundation included among other things the great natural resources of Asia Minor, the corn lands of Hungary, and the factories and applied science of Germany. Both ideas have had their advocates, and the economic and military implications of each have been considered with some care by German writers.

The war abruptly decided the question for the time being, but reopened with new vigor the general debate. German ships were driven

<sup>1</sup> Central Europe. By Friedrich Naumann. London, P. S. King and Son, Limited, 1916.—xix, 354 pp.

from the sea at the first blow, and direct oversea trade, even in neutral ships, was strangled by the British "blockade." Meanwhile, the adhesion of Turkey and the success of German arms in the Balkans made the continental idea loom larger and larger. The partnership actually in effect between Germany and Austria-Hungary during the past three years, moreover, has been not merely a customs union but a life-and-death joining of economic resources and a military comradeship that has done much to create a consciousness of unity between the peoples such as might not have been attained in decades of peaceful development. Can this war situation be utilized to bring about permanent unification as the kernel of a new super-state, Mid-Europe? It is a political and economic speculation of the highest order and significance for the world's future. Of all the books and pamphlets on the subject, "far and away the most important," to quote Professor Ashley's judgment, is Naumann's remarkable treatise, written in 1915, while the Germans were driving the Russians out of Galicia. If the events of the two succeeding years have modified some of the conditions of the problem, they have not changed its essence, and the astounding proposals of the Allies' Paris economic conference constituted more or less of a reply to the ideas set forth in this and similar works.

The Europe of the future, so runs this German argument, will have two endless lines of trenches and barbed wire stretching north and south, separating the Central Powers from the rest of Europe, marking the possible future lines of fighting. The Central Powers must decide whether they want a transverse ditch between themselves, or whether they will under all circumstances live in peace with each other.

In any case, the day of small and middle-sized states is past. In consequence of the forces of capitalism, power is centralizing in industry and politics alike. London, Petersburg and New York already appear clearly as future centers of sovereignty, and possibly a fourth focal point will develop in Eastern Asia. The Russian empire, based on coercion (the republic in those days was yet to come); the British, based on adaptability and administrative skill; and the American, based on a non-military voluntary co-operation for business ends—these three super-states are continually driven forward by their own weight. They continually draw the little neighbor states into economic and political vassalage. This is the argument of one who would justify the absorption of Belgium and Holland and Denmark, and it finds support in a great body of historical fact. But does it not neglect the growth of that new sentiment in international affairs that has kept us out of Mexico during the painful years of the revolution, that has made of

Cuba an independent state, that has given self-government to the Boers and made them loyal Britons in a decade, and that has now announced to the world Russia's renunciation of the dream of Constantinople? There is such a thing as liberalism in the world, and the politics that cannot see its operation is only less blind than that which cannot see the workings of national greed and ambition. The small state may indeed be of the past, yet it is hard to believe that the passionate devotion of millions of men to the cause of martyred Belgium is either a monumental display of mere hypocrisy and self-deception or a fact without significance for the coming time when foreign policies, like other government activities, are to be increasingly democratic.

The argument of the advocates of an imperialistic *Realpolitik*—they are by no means all Germans—on this point is not at all new. It was clearly expressed in Germany twenty years ago by Schmoller and others in the agitation for a big navy. The world empires are to become more and more exclusive economically. Even Great Britain is to adopt protection and to shut Germany off from markets and coaling stations all over the earth. Germany in consequence must sink to the position of a small state, the economic vassal of Britain or Russia, or else she must herself enter the first class of world-group powers by union with her southern neighbor and any other states that will come in. These other states can choose only in which group they will serve, for they cannot themselves lead. Grant the premises, and the conclusion is inevitable. But again only a part of the facts are used. In July 1914 tariff reform in Great Britain was dead, and trade liberalism in America had reached the highest point in a half-century. If the fierce nationalism of the war had not been aroused, why might not the development of the next fifty years have been one of growing trade freedom in which Germany would have found full economic scope and not economic dependence? If the war was deliberately brought about by Great Britain, then the iron-ring argument, with its corollary, the inevitable destruction of small states, appears sound. But few persons outside Germany, we imagine, accept that hypothesis, and on any other theory Germany must blame herself with having created the sentiment that threatens to complete for her the economic undoing the war has so well begun.

The thought of 1915 in Germany as to the future, however, was far other than this. With judgment and deliberation, so Naumann conceives, Germany and Austria-Hungary may be united to form the kernel of a new super-state comparable in population, in vigor, in economic and military power, and in self-determining culture, if not in territory

and resources, with the three world empires already in existence. As to the component parts of the new group, caution is necessary. It must have agrarian territories on its boundaries, an extension of its northern and southern seacoasts, and a share in oversea colonial trade—but just what states will come in, none can say. Only, the union of the leading partners must be quickly consummated, for after another generation, the neighboring nations and colonies that are perhaps still attainable will be lost. This idea, frankly avowed by Naumann, strikes the unsophisticated reader as remarkably like international highway robbery; but perhaps it is easy for the plain man to misunderstand the meaning of the writer-statesman. Be that as it may, though the idea corresponds closely enough with existing international practice all over the world, it fails to take account of imponderables whose weight more and more tips the scales as the nations become more truly democratic.

If political, economic and cultural expansion is frankly avowed as the end, so is war as the means, as matter not of choice but of inescapable necessity. It is a world of super-national contest. Hence Naumann's striking sentences: "Mid-Europe needs children, children, children! This is the presupposition of all prosperity, both military and economic" (page 203). "Now the urgent, heartfelt, beseeching cry must resound, mingled with the ringing of the peace bells, calling to men and women in town and country: beget children!" (page 204). The present war has already created a Mid-European soul; the statesman's task is to give that soul a body. In this he must again follow the great example of Bismarck, who had no confidence in any German unity that was indefinite from the military point of view. As to the necessity of such military unity, in 1848 "nothing was lacking but what we now have in the war, the pressure of foreign events and the strength of the army" (page 51). Hence the importance of the present opportunity. As for the future, during a long period to come the world groups "will struggle to direct the fates of mankind and to secure the product of its labor. Mid-Europe comes forward as one such group, and that a small one, vigorous but lean!" (page 179). Here is *Realpolitik* indeed, a game of universal grab, with success to the strongest sword and the longest pocketbook.

Back of military unity, however, there must be spiritual unity, and the necessary historical consciousness growing out of great events must be supplied in part at least by the historian, who after collecting his facts must "select those which seem to him to promote or obstruct from the standpoint of his ideal of life" (page 40). If such action appear to anyone a perversion of the true uses of history, let him

only remember that it is a practice almost constantly employed by historians, but for the most part unconsciously used, and almost never, as here, frankly avowed. Combine it with the romantic and idealizing tendency so common among Germans, and you create a mystical faith in national destiny that is capable of almost any achievement—and alas, of almost any infamy as well.

The practical task of building Mid-Europe requires just two things, military union and economic union. All else is superfluous and harmful. The economic union must be fundamentally German, resting on the historically developed German character. Here we encounter one of those distinctive racial characteristics such as have been utilized by every preacher of the superiority of his own kind from the time of Gobineau down. The Germans, we learn, have an intrinsic impulse to organization; in consequence Germany is already on the way to become an organized state; by contrast with the individual and lawless capitalism of England she has already developed a second stage of disciplined normal capitalism, a mechanism of work based on trained and educated workers; because of this superiority the German is hated by the other peoples. It must be admitted that this is a bit hard on the rest of us. The conflict of these two types of capitalism, we are told, is at bottom the cause of the present conflict, and the Germans are being confirmed in their method of work by the progress of the war. The German is becoming heart and soul a political-economic citizen, a believer in the organism and not free will.

Now an unbeliever may perhaps be pardoned if instead of crediting all this to a superior capacity for organization he blames it all on a remarkably thorough and efficient militaristic education. Indeed, Naumann himself admits that there is some justice in this charge; because, as he says, "Prussian military discipline influences us all in actual fact." If Germans generally differ from other people, many of us will still persist in believing it due chiefly to differences in education; and despite the present popularity of German military education in this country, and despite its many merits, some of us will still persist in believing it bad education in so far as it has developed an "organizability" that is in essence a prompt uncritical obedience to state authority rather than a rational voluntary co-operation for common ends. If the German militarist thinker then maintains that our ideal is yet inferior to his, we can only reply that for some reason or other the peoples of the earth in increasing measure seem to be preferring our fumbling, criticizing, incoherently organized, democratic way of doing things, and that despite the challenge of war, we are content to await the judgment of history.

In accomplishing economic union the applied science and economic progressiveness of Germany are to be joined with the art and grace of Austria in supplying the world with beautiful products through the ports of Hamburg and Triest. To accomplish this, it is necessary to speed up the economically unprogressive to the labor rhythm of North Germany. Mid-Europe is to be economically, as in other ways, a glorified Germany, but the scheme has room for non-German elements.

Mid-Europe must be economically independent. The war has shown the necessity and the means. The British "blockade," based on mere abstract economics, a consideration of statistics, failed to take true account of existing stocks of food and materials, and of the powers of substitution and invention. The Central Powers, in the hard school of necessity, have been learning the lessons of a storage system and a system of adaptability with a view to independence.

The transformation wrought by the war is startling. In an economic prison amid a world of enemies Germany has learned that she must regulate production from the standpoint of political necessity. State socialism has made gigantic strides, and Germany has developed an economic dictatorship of government offices advised and supported by those most nearly affected. The Germans glided into this national economic business as if it had always been their natural habit, and the state became at once the purpose and the director of the production process. Even before the war all classes were working for the government two months out of every year, and the enormously increased burdens of the war can be met only by state industrial monopoly, or taxation of syndicates, which is the same thing. State syndicates combined with guarantees for workpeople—such is the necessary program, and if the war should bring about some such industrial organization in Germany, its economic results there would be scarcely less striking than its political incidents in Russia. One need not be a Germanophile in order to view with profound concern the possible results of such an organization of a world state, politically self-conscious, and "asking only to be secure in the military sense for a further period of the world's history," as Naumann says. What then? Apparently a new war, on the basis of a super-state organized to the end of state aggrandizement. Small wonder that blundering democracies, which regard individual life as the real end of social organization, look on such a proposed organization with terror, and regard it as making their painful experimentation impossible. If this indeed be the true German objective, then does the shuddering reaction of the world outside Mid-Europe become comprehensible and rational enough.

To return to the task of exposition, production by syndicates will be combined with a system of state storage of necessary food and materials, in order to make future wars of starvation impossible. State storage, of course, involves state buying and selling, because in most cases it is impossible simply to maintain an undisturbed stock of material. Thus there will come a further and hitherto untried form of state socialism. Storage obligations will be laid on the syndicates, and the state itself will look after the storage and sale of non-syndicate products, notably fodder and foodstuffs. The Kanitz proposal as a feature of a storage system is likely to come to enactment almost automatically.

Syndicates, storage and customs are the three outstanding features of the economic life of Mid-Europe. Some sort of customs union is essential. Though mere preferential treatment is much easier to introduce, an actual customs partnership is the thing to be desired, for even with intermediate customs between the two countries, it will mean irrevocable economic union. Owing to the weakness of many Austrian manufacturers, entire free trade is for the present impossible, but a customs partnership, combined with a proper policy of freight rates, will maintain those producers, and at the same time offer the necessary conditions of economic assimilation. As regards both Austria and Hungary, the negotiations will be delicate and difficult, and in order to attain success they must reach out beyond a mere mutual barter of advantages and disadvantages to a joint regulation of foreign markets. It must be confessed that Naumann's scheme here goes somewhat haltingly, for foreign markets do not comport with economic independence. Nations cannot sell without buying, and even a Mid-Europe that extended from the Baltic to Bagdad would find itself economically interdependent with foreign states, just as did the Germany of 1914, though it might be in differing degree. It is a fair question whether commercial progress has not made economic independence impossible even for world empires, except at a sacrifice almost prohibitive. Naumann would doubtless reply that he wants to maintain only the measure of economic independence necessary to guarantee immunity from successful attack, and that such independence is not incompatible with an extended foreign trade. But trade, as the war has shown, plays strange tricks with defense in these days.

Whether or not the ends to be sought are wholly consistent in logic, the arrangement to be immediately worked out will be somewhat as follows. Within the union there will be : first, a series of storage treaties ; and second, a system of syndicate treaties, whereby the syndicates will apportion both domestic and foreign markets among their members.

The syndicate organizations will thus be at the service of the joint economic area. The intermediate customs between the two countries will be paid to the cartel, which in turn will pay the state. The customs duties will be whatever is necessary at the joint frontier, plus intermediate customs between the two countries when their industries are of unequal strength; but these intermediate duties will disappear as the syndicate system extends.

Constitutionally, Mid-Europe will be a confederation of states. With affairs of church, school, language, suffrage and forms of government it will not meddle. As for nationality, the Pan-Germans cannot have their way, for Mid-Europe must have a more friendly way of regarding nationalist minorities. *Realpolitik* here recedes into the background; for what is, gets in the way of what is desired, instead of coinciding with it. Though Mid-Europe will have a German nucleus and will voluntarily use the German language, it must display toleration and flexibility regarding the associated languages. This comfortably assumed German hegemony, with its easy toleration of the junior partners, is quite in accord with the ordinary assumptions of every successful and ambitious people. Yet Naumann admits that the modern Germans are bad Germanizers, and that the Austrians understand nationality better than they. But even so, Austria is burst asunder psychologically by the birth of the national spirit, and only the impossibility of small nationalities maintaining themselves by military force holds it together. And so we come back to the starting-point, and discover the military state coercing the nationalities. There is no doubt in the mind of this sturdy thinker as to the ultimate sanction of the modern great state and the coming world empire, or as to the pitiable weakness of the little peoples that have only a common soul. The lesson of Belgium is not lost, and yet—is it all learned? Germany's rulers throughout the war have made, as it seems to most persons outside Germany, a series of colossal blunders, based on a failure to appreciate the importance of the intangible spiritual considerations by comparison with the tangible military ones. Such neglect departs no less truly from reality than does that idealism which shuts its eyes to force. The world's future, we have reasonable ground for believing, is not to be a place merely where the law of the knotted club is supreme.

But one step more remains in the program of immediate Mid-European construction. The necessary economic and military unification of Mid-Europe is to be worked out in the first instance by a series of treaties, some of which can be carried out by the states separately, while others will require joint commissions. The latter bodies will

furnish the nucleus of the evolving Mid-European government. The economic commissions will deal with such things as customs, storage, administration of war debts, syndicate control, and maritime regulations. The common military arrangements will be worked out along lines already familiar in the two empires. The necessary unified foreign policy must come through a growing stability in joint work between the two foreign offices already existing. And so Naumann ends his book with these words: "Mid-Europe is the fruit of war. We have sat together in the war's economic prison, we have fought together, we are determined to live together" (page 287).

This intellectual fashioning of Mid-Europe amid the fierce heat of the world conflict is a truly extraordinary performance. In one aspect it is but the apotheosis of force; in another, a mere acknowledgment of existing facts. That it is immoral, to say no worse, if judged by conventional standards, there is no doubt—and yet who are we to cast the first stone? The expansion of our military power, the steady growth of our economic and political control in the Caribbean, the persistence and now the intensification among us of the idea of self-contained economic independence, and our unhesitating assumption of the right to rule the western hemisphere—do they not indicate that, so far as the American empire is concerned, at least, the statement of facts and tendencies is correct? Or does our smug consciousness of the righteousness of our purpose make the facts any less facts? And if the facts are as stated for the great empires, on what ground shall we deny to the citizens of another state, smaller but no less virile, the right to strive through the Great War to realize a like destiny for their own land? Can we altogether blame them if they look with pity indeed but without compunction on the little nations that stand in their way? We have drawn the sword in behalf of democracy, as most of us believe; but democracy as a mere political form means little. If our war is to be free from hypocrisy we must needs attain a conception of the democratic state such as has scarcely dawned yet on most minds. We must give definiteness and body to that ideal; unterrified we must work it out bit by bit in the evolving processes of everyday life. Only thus shall we prevent our entrance into the war from becoming a mere illustration of Naumann's thesis; only thus, whether our hand holds the sword or the plowshare, shall we meet successfully the challenge of those who declare that force is forever the mightiest arbiter of human destinies.

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